



March 15, 2023

Rajinder Sahota, Deputy Executive Officer
Cheryl Laskowski, Branch Chief, LCFS
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted online to the “comment docket”

Re: Comments on the February 22, 2023 LCFS Public Workshop

Dear Ms. Sahota and Ms. Laskowski:

Southern California Edison (SCE) appreciates the California Air Resources Board’s (CARB’s) staff’s efforts to collaborate with stakeholders on potential Low Carbon Fuel Standard (LCFS) regulation amendment concepts and the opportunity to provide written comments on the February 22, 2023, LCFS public workshop.

SCE Supports a 30 percent Carbon Intensity Reduction Target For 2030

As detailed in SCE’s comments on the November 9, 2022, LCFS Public Workshop, SCE supports a new compliance target of 30 percent. Because it is important how this 30 percent is achieved, SCE also detailed how it supports an immediate “step change” in compliance stringency and SCE appreciates the comments from CARB in this latest workshop acknowledging the need for this action. SCE looks forward to seeing CARB’s updated models that incorporate the “step change” and to working with CARB to provide feedback and support in determining the magnitude of this action.

CARB Should Adopt an Acceleration Mechanism for LCFS

As detailed in SCE’s comments on the November 9, 2022, LCFS Public Workshop, SCE supports the inclusion of an acceleration mechanism - a tool within the regulation that could be used to accelerate the compliance schedule based on established, clear, and transparent parameters developed through the public process.¹ SCE believes an acceleration mechanism

¹ The Credit Clearance Market in the LCFS is another example of a parameter-based mechanism that is designed to address market instability, so this precedent is already established.

will be an effective tool for providing stability and certainty for LCFS participants,² and that it will help mitigate the need for CARB to transition certain fuels out of LCFS.

SCE recommends that CARB establish a trigger mechanism for increasing the stringency that considers the ratio of the cumulative credit bank to the quarterly deficit generation. As SCE expanded upon in its November 9, 2022 comment letter, this mechanism may be able to reflect the need for a large credit bank to facilitate large transactions as deficit generation increases, but still recognizes that runaways in accumulated credits will have suppressive effects on the market. More detailed modeling is needed to determine whether a “target ratio” is the best solution, or if the acceleration mechanism should be triggered based on rates of change to the ratio, and SCE is willing to support CARB as it executes this analysis. Further SCE requests that CARB specify that the trigger mechanism can occur once each calendar year as more frequent adjustments would render compliance management and tracking untenable, whereas longer periods could lead to larger imbalances in the credit market that would force steeper acceleration adjustments

SCE Supports a CARB Effort to Streamline Verification Updates

During the February 2023 LCFS public workshop, CARB staff identified “Verification Updates” as an opportunity to streamline implementation.³ CARB staff explained that LCFS requires regulated entities to retain the services of an accredited third-party verifiers and that there is a system to monitor, report, and verify data.⁴ SCE agrees that it would be beneficial to streamline the verification update process and requests that CARB take steps to ensure that the process is simple and easy to use and is not burdensome for participants. This is particularly important for electric vehicle charging station operators, as the distributed nature of fueling operations makes verification by site-visit fundamentally more burdensome than verification at alternative fuel production facilities. SCE looks forward to working with CARB staff and other suppliers of electricity to determine the most effective and practicable methods of verifying electric fuel consumption for LCFS crediting.

Thank you for considering SCE’s comments and recommendations.

Sincerely,

/s/ Rosalie Barcinas

Rosalie Barcinas
Director, Electrification & Customer Services Policy
Regulatory Affairs
Southern California Edison

² At the workshop some called the acceleration mechanism the “ratchet” mechanism or a “self-adjusting” mechanism.

³ CARB’s LCFS Public Workshop presentation, slide 58, available at https://ww2.arb.ca.gov/sites/default/files/classic/fuels/lcfs/lcfs_meetings/LCFSpresentation_02222023.pdf

⁴ Id., slide 70.